

**MINUTES OF MEETING**  
**STATE OF WISCONSIN**  
**EMPLOYEE TRUST FUNDS BOARD**

**Friday, December 10, 2004**

**Sheraton Madison Hotel**  
**706 John Nolen Drive**  
**Madison, Wisconsin**

**BOARD PRESENT:**

Marilyn Wigdahl, Chair  
Wayne Koessl, Vice-Chair  
Robert Niendorf, Secretary  
John Brown  
Theron Fisher  
Rick Gale  
Kathleen Kreul  
Irena Macek  
Nancy Thompson  
Cynthia Van Bogaert  
Brian Fusie (*Representing Karen Timberlake*)

**BOARD NOT PRESENT:**

Wayne McCaffery

**PARTICIPATING ETF STAFF:**

Eric Stanchfield, Secretary  
Dave Stella, Deputy Secretary  
Jean Gilding, Deputy Administrator, Division of Retirement Services  
Deborah Budzisz, Board Liaison  
Christina Licari, Board Liaison  
Linda Owen, Division of Retirement Services  
Robert Weber, Chief Legal Counsel  
Bob Willett, Controller

**OTHERS PRESENT:**

Jane Hamblen, Department of Justice  
Stephen Macek, American Federation of Teachers

Marilyn Wigdahl, Chair, called the meeting to order at 8:30 a.m.

**CONSIDERATION OF PREVIOUS MEETING MINUTES**

***Motion: Mr. Brown moved approval of the minutes of the September 17, 2004, meeting with one correction. Mr. Koessl seconded the motion, which passed without objection on a voice vote.***

**2006 MEETING DATES**

Mr. Stella discussed possible 2006 meeting dates. Staff are beginning the procurement process and would like input from the individual Boards prior to contracting with a conference site. The meeting dates preferred by the Employee Trust Funds Board are:

Thursday, Friday	March 30-31, 2006
Thursday, Friday	June 22-23, 2006

Thursday, Friday      September 21-22, 2006  
Thursday, Friday      December 14-15, 2006

***Motion: Mr. Gale moved approval of staff beginning the procurement process for the preferred 2006 meeting dates. Ms. Kreul seconded the motion, which passed without objection on a voice vote.***

## **RETIREMENT STATISTICS SUMMARY REPORT**

Mr. Stella reviewed the *WRS Retirement Benefit Annuity Statistical Report*.

## **ADMINISTRATIVE RULE**

Mr. Weber presented a proposed change to the Department's rule-making process, under which a rule will not formally come before the Boards for approval until the Department believes the final draft report is ready to submit to the Legislature.

***Motion: Mr. Brown moved to approve the proposed rule process change. Ms. Thompson seconded the motion, which passed without objection on a voice vote.***

Mr. Weber presented the final draft report on the new rule regarding the acceptance by the Department of documents received via facsimile and electronic mail. The rule identifies electronic documents as functionally the same as original documents and allows electronic documents to be accepted with no requirement of also submitting an original.

***Motion: Ms. Kreul moved to approve the proposed rule and notice of public hearing for publication. Mr. Fisher seconded the motion, which passed without objection on a voice vote.***

***Note: Ms. Van Bogaert abstained from this discussion and the related motion and vote, as the discussion pertained to rulemaking.***

## **INTEREST CREDITING SUBCOMMITTEE RECOMMENDATIONS**

Ms. Owen and Mr. Stella discussed the recommendation of the interest crediting subcommittee with the Board. The recommendation is to pursue a statutory change to delay crediting interest until the end of the calendar year when the effective rate interest in Wisconsin Retirement System benefits becomes known. Areas of concern regarding the recommendation addressed during the discussion included possible hardships to members waiting for benefits, additional staff time and workload involved in processing payments, potential difficulty locating members after their initial benefit has been paid and overall fiscal impact to the Department. The Department advised the Board that it preferred keeping the current interest crediting method.

The Board requested that staff prepare a fiscal impact study to be reviewed at the March 2005 Employee Trust Funds Board meeting.

***Motion: Mr. Gale moved approval of the subcommittee's recommendation for pursuit of a statutory change to interest crediting for Wisconsin Retirement System benefits. Mr. Brown seconded the motion, which passed by a majority (show of hands).***

## MISCELLANEOUS

**Audit Reports.** Mr. Stella reviewed the following audit reports provided for the Board's information: *Review of Stale Dated Checks – Follow-up to Phase I, Match of Social Security Administration and WEBS Death Records, Match of Annuity File with SSA Monthly Death Records and Member Account Analysis.* Internal Audit staff were available to answer questions.

**Fact Sheets.** Mr. Stella noted that fact sheets for the Group Life Insurance program, Employee Reimbursement Accounts program and the Pharmacy Benefit Manager program had been included for the Board's information. New or updated fact sheets are routinely distributed to Board members.

## PROPOSED SETTLEMENT AGREEMENT

Mr. Stella discussed a proposed settlement agreement related to an appeal in which the Department mistakenly paid the appellant from January 1, 2001 through June 1, 2004, for a total overpayment of \$10,463.10. The Board concurred with the Department's recommendation to accept a \$6,000 payment to settle the dispute under §40.03 (2) (v) Wis. Stats.

***Motion: Mr. Gale moved to approve the proposed settlement agreement. Ms. Kreul seconded the motion, which passed on a roll call vote.***

In addition, the Board asked staff to provide statistical information regarding past settlement agreements and the practice of recovering overpayments at the March 2005 Board meeting.

*The Board took a break at 9:31 a.m.*

## MOTION TO CONVENE IN CLOSED SESSION

Ms. Wigdahl announced that the Employee Trust Funds Board would convene in closed session, pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (a) and (e) for quasi-judicial deliberations and discussion of actuarial contracts (expenditure of trust funds). Department of Employee Trust Funds staff were invited to remain during actuarial contract discussions. Ms. Budzisz and Ms. Licari were invited to remain during the entire closed session.

***Motion: Mr. Koessler moved to convene in closed session, pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (a) and (e) for quasi-judicial deliberations and discussion of actuarial contracts (expenditure of trust funds). Mr. Gale seconded the motion, which passed on a roll call vote.***

***Members voting aye: J. Brown, T. Fisher, B. Fusie, R. Gale, W. Koessler, K. Kreul, I. Macek, R. Niendorf, N. Thompson, C. Van Bogaert, M. Wigdahl***

***Members voting nay: none***

The Employee Trust Funds Board convened in closed session at 9:55 a.m. and reconvened in open session at 11:10 a.m.

## **ANNOUNCEMENT OF ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION**

Ms. Wigdahl announced that the Board took the following actions during the closed session:

- The Board authorized the Department to release the request for proposals for administration of the Wisconsin Employee Reimbursement Accounts program and the Commuter Benefits program.
- The Board authorized the extension of the current actuarial contracts with Gabriel, Roeder, Smith and Company and Deloitte Consulting, LLP under the terms proposed through September 30, 2007.
- **Appeal 2003-072-ETF.** The Board adopted the hearing examiner's proposed decision with modifications as recommended by counsel.
- **Appeals 2003-073-ETF, 2003-112-ETF, 2003-123-ETF, 2004-004-ETF, 2004-011-ETF, 2003-071-ETF.** The Board adopted the hearing examiner's proposed decision with changes as recommended by counsel.

## **ADJOURNMENT**

***Motion: Ms. Van Bogaert moved adjournment. Mr. Fisher seconded the motion, which passed without objection on a voice vote.***

The meeting of the Employee Trust Funds Board adjourned at 11:12 a.m.

Date Approved: \_\_\_\_\_

Signed: \_\_\_\_\_

Robert Niendorf, Secretary  
Employee Trust Funds Board